Establishing Trust Through ESG Assurance: How Sustrack Enhances Your Sustainability Credibility

As environmental, social and governance (ESG) performance has become more essential than desirable, businesses have faced scrutiny from their investors, regulators, customers, and civil society. Claims of sustainability or “green credentials” are no longer enough — those claims must be substantiated with credible and verifiable evidence.

Enter ESG Assurance & Rating. Sustrack, a sustainability solutions firm, offers ESG assurance services designed to build trust, ensure transparency, and align corporate ESG messaging with globally recognized standards. Here's how it’s done — and why it matters.

Why ESG Assurance is Important

Before showing Sustrack’s approach, we want to clarify what assurance means: Credibility & Stakeholder Trust Assurance is independent verification that an organization’s ESG disclosures or claims are accurate, materially accurate, and free of apparent misstatement. Stakeholders—investors, regulators, customers—will have greater confidence in reports that come with third-party assurance, Risk Mitigation of Greenwashing Without assurance, ESG reports may be considered nothing more than a marketing or “greenwashing” claim. Assurance will mitigate that risk by providing checks and balances over methods, data collection, and claims. Alignment with Global Standards and Regulations ESG assurance assures stakeholders the disclosures and data are aligned with accepted frameworks and mandatory reporting; thus reducing regulatory risk. Improving Internal Processes In the assurance process, companies often find gaps in data systems, weaknesses in controls, or misalignments in methodology, providing an opportunity for improving internal processes.

Sustrack’s Assurance Services can provide all of these services while allowing the level of assurance to meet client needs and align with globally accepted sustainability standards. Overview of Sustrack’s Assurance and Rating Services

Sustrack divides its assurance services into two primary types: Limited Assurance and Reasonable Assurance. They also offer ESG rating to support benchmarking and reporting performance. sustrack.com

1. ESG Rating and Verification Before or concurrently with assurance, Sustrack offers assistance with ESG rating: Independent verification of ESG claims They verify the claims made by organizations about their environmental, social, and governance performance, looking at consistency, data quality, and alignment with accepted measures.

Benchmarking and Comparability Their rating supports the determination of how organizations are performing relative to peers, industry, and social norms at the global level (i.e., helping them claim to be leaders in sustainability). sustrack.com.

The rating can serve as a basis to provide more rigorous assurance, or can be used in and of itself to communicate credibility externally.

2. Limited Assurance Limited assurance is a moderate level of assurance. In this structure: • The assurance provider conducts analytical review, inquiries, and basic checks. • The assurance statement will typically say, “nothing has come to our attention to indicate any disclosures are materially misstated.” It provides a good balance in that it is cost effective, intensive, and credible—and is a good first step, or step two, for many organizations starting their assurance journey in ESG disclosures.

Limited assurance is often much lower-cost and quicker to perform, yet provides greater confidence to stakeholders than when disclosures are not assured.

3. Reasonable Assurance Reasonable assurance is a more thorough and higher level of assurance. Examples of reasonable assurance will include: • More detailed testing, sampling, testing of underlying data and methodology, • More extensive audit-style procedures, • More extensive assurance statements, such as "in our opinion, the data is fairly stated in all material respects." sustrack.com For organizations striving for the maximum level of confidence in their ESG disclosures, or in industries that are more highly scrutinized, reasonable assurance is often the preferred option.

When to Consider Which Level?

Limited Assurance: This works well when budgets or time are tight, but some external credibility is still needed.

Reasonable Assurance: This works well for companies with mature ESG reports or in regulated industries or when stakeholders are scrutinizing.

Sustrack can help our clients think about which level makes sense for them based on their maturity, stakeholder needs, and strategic objectives.

Sustrack's Processes: What the Assurance Journey Looks Like Although the website does not articulate every step in extreme detail, it is possible to highlight a plausible workflow based on industry best practice and Sustrack's stated meaning framework:

Scoping & Planning This stage defines the scope (which scopes, what metrics, what business units), nuances of material topics, the appropriate level of assurance (limited vs reasonable), timing, and stakeholder expectations.

Risk Assessment & Materiality Consideration This stage determines which ESG disclosures to consider as more materially risky (e.g., greenhouse gas emissions, labour practices) and tailor verification efforts to prioritize those disclosures.

Data Collection & Mapping Where data is raw (from the functions within)—energy, emissions, human resources, governance, etc.—data will be collected and mapped to the maps to the reporting framework and assurance criteria.

Testing & Verification For limited assurance testing: analytical procedures and high-level inquiries For reasonable assurance testing: sampling, substantive test, cross-checks, evaluation of internal controls ……

Review of Methodology & Assumptions This stage assesses whether methodologies to calculate, estimate disclosures are consistent, reasonable and, conform the recognized standards.

Draft Assurance Statement & Feedback The unverified assurance draft statement summarizing the results will be shared with management and their feedback sought, prior to finalizing the Assurance statement.

Publication & Disclosure The assured report or ESG disclosure will be published with assurance statement appended to it, to provide credibility to the ESG claims.

In this process, Sustrack will likely leverage their proprietary ESG WebApp that is used for data collection, tracking…

Advantages Clients Receive from Sustrack's ESG Assurance & Ratings

Enhanced Stakeholder Confidence Third-party assurance helps to imbue stakeholder – investors, regulators, customers, and civil society – confidence in the integrity of your ESG disclosures.

Differentiation & Competitive Advantage An assured and verified ESG rating helps distinguish a company from competitors in a crowded marketplace.

Readiness & Support for Regulatory Compliance Assurance helps ensure your disclosures are consistent with the myriad of global frameworks and prepares an organization for what might be an evolving regulatory landscape (e.g. BRSR Framework in India).

Systems Improvement & Resilience The process of assurance often brings to light weaknesses in data systems, gaps in control, or methodological inconsistencies to strengthen internal program improvement.

Reduced Risk of Misstatement and Reputational Damage Assurance reduces the likelihood that you will be held accountable for false claims or misleading statements, which could damage your reputation or place you in jeopardy of regulatory obligations.

Market Credibility of ESG Claims With assurance from a third-party and with verified ratings, companies can credibly communicate their ESG performance and leadership to external stakeholders.

Considerations & Challenges in ESG Assurance

Assurance is immensely beneficial, however, the application process can be nuanced and problematic. Here are some issues to consider:

Data Quality & Traceability ESG data can often be messy, and divided across the organization and systems. It is important that the data can be validated and audited.

Defining Assurance Boundaries Deciding which business unit or subsidiaries, limits of scope (Scope 1/2/3 emissions), or other metrics to include or exclude can be tricky.

Cost & Time Assurance, especially reasonable assurance can require a lot of resources to execute. Organizations will need to plan for costs and time frames.

Evolving Standards ESG frameworks and market norms standards are still in development phase. Assurance providers must do their own research to ensure their assessment remains relevant.

Subjection & Estimation Some ESG metrics rely heavily on estimates and assumptions (i.e. estimation of emissions). Assurance must be adequately assessing the estimates of the assumptions.

Sustrack aims to navigate challenges associated with ESG through structured methodology, sound tools (i.e. their WebApp), and expertise and experience in ESG Standards.

Example of a Case (Hypothetical) Imagine a mid-sized manufacturing firm in India which wishes to start publishing an ESG report but has no internal assurance. It engages Sustrack and does the following:

It elects to have limited assurance in its first ESG report, covering emissions for Scope 1 & 2, energy use, water use, waste, workplace safety metrics, and board diversity.

Sustrack supports in defining scope and topics that are material and configures the WebApp to collect monthly data.

The assurance engagement identifies a weak supporting documentation for energy data in one of plants and leads to strengthened internal controls.

In the end, the company publishes the ESG report with the assurance statement from Sustrack, improving confidence in their operations with stakeholders and attracting interest from some ESG-related investors.

Over time, as the company matures, it may move towards reasonable assurance and even more sophisticated ESG metrics.

Reasons for Choosing Sustrack for ESG Assurance and Ratings

Integrated Sustainability Solutions Sustrack not only provides assurance services but also offers ESG consulting, reporting, carbon accounting, training, and platform solutions so they are a true sustainability partner. Data-driven Solutions Their new WebApp enables a data collection process that increases transparency and traceability, in addition to lessening manual errors and ultimately improving the assurance workflow over time. Flexible & Scalable Assurance Solutions Sustrack is willing to perform limited and reasonable assurance based on the scope/engagement depending on the maturity of their client organization. Alignment with Reporting Frameworks Sustrack assists clients with aligning their disclosures with globally recognized standards (e.g. GRI, etc.), as well as Indian standards, such as BRSR. Credibility & Transparency Their original mission is to “strengthen trust and transparency” through independent assurance.

Conclusion: Assurance as a Competitive Advantage

Today, ESG report becomes almost irrelevant without independent verification being used as marketing. Assurance transforms ESG disclosure from simply a communication mechanism to a credible "trust" based asset. By offering both limited and reasonable assurance, ESG rating, and an integrated technology platform, Sustrack provides organizations with a credible way to demonstrate their sustainability claims. The assurance process will proactively build confidence with stakeholders while improving enterprise level systems, risk minimizing, and market differentiation.

When your organization is ready to take the next step - whether it be your first ESG report or an upgrade in assurance maturity - Sustrack will help provide the rigor, structure, and credibility to build the sustainable future you can happen and show. Visit us for more info:-https://www.sustrack.com/